

A close-up photograph of two hands shaking in a firm grip. The hands are positioned in the center of the frame, with fingers interlaced. The background is a blurred, light blue and white, suggesting an office or business setting. A solid magenta square is located in the top left corner. The word "STAKEHOLDERS" is overlaid in large, white, bold, sans-serif capital letters across the center of the hands.

STAKEHOLDERS

STAKEHOLDERS

- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND



Magyar Telekom HU's first step in the review of its sustainability strategy was to revise and update the list of stakeholders with its in-house professional team and the ESG squad. Stakeholders include groups that have an influence on or interest in the achievement of the company's objectives. The company also keeps in touch with stakeholders previously identified through the revision of the company's governance systems and benchmarking studies, because their views and suggestions are greatly appreciated. A number of forums, surveys and face-to-face meetings have been organised to meet this group and present sustainability activities.

STAKEHOLDER SURVEY TO SUPPORT THE STRATEGIC PLAN

The professional team and the ESG Squad mentioned in the previous chapter ranked the identified stakeholders using the Saliency model. The Saliency model is based on the following criteria for assessing and aggregating the level of interest:

- Power – what power does the stakeholder possess to have an influence on the affected topics
- Urgency – how time-sensitive is it to incorporate the stakeholder's needs and/or when does it become timely
- Legitimacy – is the stakeholder's involvement appropriate: both legally and ethically

The model shows that the expectations of top management and the parent company are the strongest. In-depth interviews were conducted in order to accurately identify senior management and parent company expectations. The Leadership Squad has also fully committed to the strategy and has taken the lead on ESG strategy focus topics (see section on Responsible Corporate Governance)

IDENTIFICATION OF IMPROTANT TOPICS FOR THE OPERATIVE PLAN

In compiling the report, Magyar Telekom HU has focused on materiality, stakeholder engagement, completeness, accuracy, comparability, timeliness, reliability, balance and sustainability context, in line with the Global Reporting Initiative (GRI Universal Standards 2021).

The identification of materiality issues was an important part of the development of the operational plan. The primary source for the list of topics was the strategy, with external sources such as the assessment criteria of responsible investor evaluators (FTSE Russell, MSCI, S&P, CDP).

To select the materiality topics for the 2023 report, a questionnaire survey was conducted with the stakeholders, where they could rate the importance and impact of the given topics on a scale of 1 to 5 (1 being the least and 5 being the most relevant). The results were weighted by the impact of the stakeholders identified by the Saliency model and the strategic priority from the perspective of Magyar Telekom HU.

In addition to the rating scale, the questionnaire also includes questions aimed at the following:

- suggest other sustainability issues not listed that are important to address,
- draw attention to scientific findings that deserve increased attention by an ICT company,
- risks and opportunities for companies in the area of sustainability.

From the survey conducted in 2023, Magyar Telekom HU has highlighted the following materiality issues, in line with the results and the guidelines set out in the strategy (detailed table in the annex)

- Energy efficiency and measures
- Energy consumption
- Use of renewable energy
- Customer satisfaction
- Emissions
- Resource utilization
- Strengthening sustainability considerations in the supply chain
- Solutions for climate protection
- Ensuring equal opportunities
- Regulatory compliance
- Human rights
- Offsetting greenhouse gas emissions
- Transition to a circular economy
- Rendering services available
- Data protection
- Risk management
- Selling refurbished appliances
- Sustainability coordination
- Informing customers
- Technological waste management
- Network resilience against external factors
- Accessibility of services
- Local procurement
- Science-based targets
- Sustainable packaging
- Corporate compliance
- Safe mobile use, electromagnetic fields
- Digital skills development

- Talent management for employees
- Employee engagement through communities
- ICT for sustainability
- Investor relations
- Accessibility in the office
- Customer engagement
- Professional partnerships
- Protecting nature in (and near) protected areas during network operations
- Employee communities to promote inclusion.

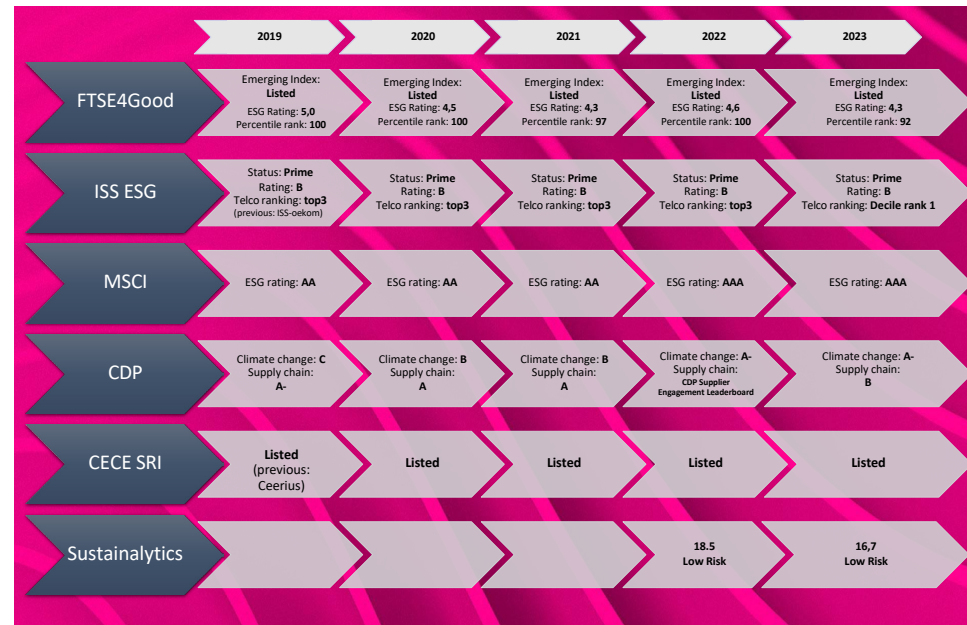
Magyar Telekom HU wishes to continue its joint thinking process and cooperation with its stakeholders, in the context of which it welcomes comments, ideas and opinions to be sent to the fennarthatosag@telekom.hu email address.

INVESTORS

During the year 2023, the CEO and the Chief Financial Officer presented the results of the respective quarter to the representatives of the investors on four occasions. The Annual General Meeting of the Company was held on April 19, 2023, at which, among other things, the audited consolidated and stand-alone financial statements of the Company for the year 2022 were approved, the appropriation of the profit after tax for the year 2022 was decided and the Responsible Corporate Governance Report for the year 2022 was adopted.

About 80 meetings (virtual and face-to-face) take place annually among the senior management of Magyar Telekom HU and the Investor Relations Center of Expertise, investors and analysts in the framework of various conferences, roadshows and in response to individual inquiries.

Magyar Telekom also places great emphasis on providing information to its stakeholders on its website. Under the Investors section, stakeholders can find up-to-date information on the Company's financial situation (quarterly financial reports), General Meetings, dividend payments, the current share price of Magyar Telekom shares and all the information they need to contact the company. The Company also assesses the needs of investors on an annual and biannual basis by means of questionnaires. The so-called perception study is carried out by a specialised, independent company, which assesses the opinions, needs and expectations of investors on the basis of representative samples, using a detailed list of questions.



CUSTOMERS

Customer satisfaction

Magyar Telekom Plc. continuously surveys customer satisfaction among residential customers using the TRI*M satisfaction research methodology applied worldwide in the telecommunications field. This enables it to continuously monitor the general level of subscribers' expectations and the development of their satisfaction with the company. The measurements result in indices for all customers and for each customer group, which makes changes over time easy to track and interpret.

On the other hand, based on the detailed analysis of the service elements, the current perception of the factors affecting customer satisfaction can be monitored, i.e. in which areas of Magyar Telekom Plc.'s activities it is performing outstandingly - also according to the customers' assessment - and which areas require quality improvement measures, either in comparison to its own past performance or to the performance of competing service providers.

TRI*M – Residential customers

Magyar Telekom Plc.'s TRI*M index among residential customers exceeded the indices of its main competitors throughout the year, meaning that overall, Telekom's customers had the highest level of commitment to their service provider in 2023.

Within the customer base, the satisfaction level of customers on the Magenta1 subscription plan continues to be outstanding. Telekom's monthly mobile contract customer base had a strong year, leaving the rest of the market far behind.

Among the main strengths of Magyar Telekom Plc., the renewing offer of services, tariff packages, devices and equipment on both the mobile and fixed line sides deserves mention.

In a competitive comparison, customers rated the video quality of Magyar Telekom's television service as outstanding, and were also highly satisfied with the list of available TV channels. The results of the network modernization effort are reflected in the positive perception of the stability and speed of the home internet connection. The assessment of the coverage of Magyar Telekom Plc.'s mobile network and the voice quality during calls, as well as the perception of mobile internet speed, is also excellent. In the area of customer relationship activities, the performance of the Telekom application was outstanding, while the Call Center also excelled in a competitive comparison, another area where Magyar Telekom Plc. is the market leader.

Since 2018, Magyar Telekom HU has also been measuring the customer satisfaction of its second brand, the Flip brand, which offers a package consisting of three fixed service elements (telephone, internet, television), on a semi-annual basis. Flip customers are consistently the most satisfied customers of all telecom operators on the market.

Medallia

In addition to the TRI*M satisfaction survey, which takes a strategic approach and includes competitors, the Medallia VOC (Voice of Our Customers) system was introduced in 2022 in all Deutsche Telekom member countries, which replaced the NG ICCA survey in Hungary.

The Medallia research system focuses on residential and small business SOHO customers who get in contact with Telekom (Flip) and/or are customers of Telekom (Flip).

Questions are aimed at four areas:

1. Service provider: Collecting general impressions of customers' views on the service provider.
2. Services: The respondent evaluates the service specifically.
3. Transactions: Examines impressions of customer contact events across the following channels: call centre, shops, face-to-face sales agents, telephone sales team, technicians, app, web and chat transactions
4. Process: It explores six complex transaction processes more in depth: payment, purchase, requesting assistance, troubleshooting, change and cancellation. In these cases, customers contact their service provider at least twice for the same issue.

The cornerstone of the Medallia measurement is the Net Promoter Score (NPS) methodology, where the customer's willingness to recommend the provider is measured. The question is „How much would you recommend Telekom to your friends and family?“ on a scale from 0 („would not recommend at all“) to 10 („would highly recommend“). The calculated NPS value can range from 0 to 100, obtained by subtracting the proportion of customers who gave a rating between 0 and 6 from the proportion who gave a rating between 9 and 10.

Magyar Telekom HU gives all its customers the opportunity to express their opinion on the services at least once a year. In the case of transactional measurements, Magyar Telekom HU requests the opinion of its customer on the day following the transaction. As in the past, an immediate post-call evaluation is also possible in the telephone customer service, in order to ensure that not much time elapse. In addition, this method significantly increases the number of questionnaires that can be evaluated, which means that feedback can now be analysed in even greater depth.

In-app measurement of interactions in the Telekom app has also been introduced, making it easier to provide feedback. This is all the more important because, like the web channel, this digital touchpoint is becoming an increasingly important part of customers' lives.

Furthermore, the fact that research results are immediately available on the Medallia interface has made a big difference. Magyar Telekom HU experts can thus follow the development of the current results without delay.

For cases rated low, team leaders initiate callbacks within two days to resolve the problems as soon as possible. In case of dissatisfaction with the operator, the team leader provides individual coaching to his/her subordinate or, depending on the issue, shares lessons learned at team level. Customers with complaints about Magyar Telekom Plc.'s services are contacted by the dedicated call centre team, which makes efforts to resolve all issues. In case of process problems, they are forwarded to the relevant professional areas, which take care of their resolution. In addition, the CEX (Customer Experience) team has a major coordinating role in mapping the problem hotspots detected and coordinating their resolution.

In 2023, the Medallia survey also showed that mobile customers very much appreciate the company, with a significant increase in their willingness to recommend in the last two quarters of the year. The significant increase in the number of responses to the Medallia survey and the fact that Magyar Telekom HU colleagues consulted with customers in more than 10,000 cases to solve the problems identified in the survey are considerable achievements. As a result of the persistent customer focus, the promoter (NPS 9–10) customer base further expanded in 2023.

SoHo, SMB

The satisfaction measurement methodology for the SOHO segment (micro and small enterprises) continues to be the TRI*M, while in the SMB segment (small and medium businesses) Magyar Telekom HU measures customer satisfaction through a strategic satisfaction survey.

In 2019, a satisfaction measurement system had already been established, where the TRI*M survey continues to measure satisfaction and loyalty of micro enterprises on a semi-annual basis. Due to the change of methodology of the TRI*M survey in 2017, it is only possible to draw conclusions for the SOHO segment from the trends that have been observed since that year, while in the SMB segment, after the first successful measurement in 2018 as a base year, customer satisfaction was already measured in 2019 and 2020 within the framework of the Strategic Satisfaction Survey. The SOHO customer base is also covered by the aforementioned Medallia VOC system, which allows tracking customer satisfaction developments between the semi-annual TRI*M measurements and intervention where necessary.

TRI*M – SOHO

Based on the TRI*M survey of microenterprises, Magyar Telekom Plc. retained its leading position in the telecommunications market in 2023 in terms of satisfaction with and loyalty to the service provider. This lead has been stable for years, both among mobile and fixed line customers. The satisfaction and loyalty of SOHO customers subscribing to mobile services is slightly stronger than that of fixed line subscribers, while the highest TRI*M index was measured in the Magenta 1 Business customer base. The positive results are due to the quality of fixed and mobile services, attractive offers and CEX activities, and the impact of measures to improve the quality of service for small businesses is also reflected in the assessment of the different channels and how customers' issues are addressed.

Annual business decision maker satisfaction survey – small, medium and large businesses

In the annual satisfaction survey Magyar Telekom HU asked IT and telco decision makers of business customers about their satisfaction with the services and customer care.

The research is conducted through a questionnaire survey, through telephone in the SME segment of Magyar Telekom HU and applying a hybrid (online + telephone) methodology among the Enterprise (ENT) Unit's large corporate and institutional customers.

The background to the ongoing decision maker satisfaction surveys in the SME and ENT segments is as follows:

SMB DECISION MAKER SATISFACTION SURVEY

- In 2021, the measurement of SMB and large business customer satisfaction were split. For SMB, the previous methodology remained the same, with a minor modification, namely that Telekom has strengthened the competitor sample in the survey in order to have a more stable basis for measuring satisfaction among competitor customers for better comparability.
- In 2022 and 2023, this methodology did not change.

ENT DECISION MAKER SATISFACTION SURVEY

- In the large enterprise sector (ENT), a new satisfaction measurement framework was developed in 2021 with more targeted measurements, which also meant that in-depth interviews were temporarily removed from the annual general satisfaction survey. However, for the largest corporate customers (TOP segment), it was decided based on customer feedback that this qualitative, deeper insight was needed, and large corporate in-depth interviews were again conducted in 2022.

- In 2023, only a minor methodological change was made, with in-depth interviews conducted with Large and MID clients, too, in addition to the Top clientele, to complement the questionnaire survey. During the questionnaire research phase in 2023, Magyar Telekom HU successfully reached 400 SMB and 821 large corporate customers, randomly selected from the total customer base. In principle, the questionnaires were collected anonymously, but respondents were also given the opportunity to provide their names.

Industry benchmark questions were also included in the annual satisfaction survey. To ensure that the customer satisfaction survey is truly independent, the measurement and evaluation is carried out by a market research partner.

The results are broken down to Magyar Telekom HU's overall performance, service areas and, in the case of large companies, sub-segments, and presented to representatives of the relevant business areas.

Based on the results, the segment and their specific units develop action plans to improve customer satisfaction.

Based on the results of Magyar Telekom HU's annual satisfaction surveys so far, the Group's overall performance in both the SMB and large enterprise segments is consistently stable.

Customer satisfaction in the SMB segment remained at a very high level in 2023. In fact, after a slight decline in 2022, the results practically increased to the outstanding level recorded in 2021. The high level and further improvement in overall satisfaction is mainly explained by the mobile market performance and excellent customer care, with the latter being driven by Telekom's ability to increase satisfaction in both sales and customer service.

Looking at the results at different customer groups with different levels of satisfaction, it can be seen that both the proportion of highly satisfied customers increased and the proportion of the most dissatisfied customer group decreased.

As part of the new satisfaction measurement framework for the large enterprise and institutions segment (ENT), from 2022 onwards, customer satisfaction has been measured continuously after the completion of the largest IT/SI projects, but also the opinion of customers with the largest monthly service contracts are regularly surveyed.

As part of this framework, Magyar Telekom HU also put the annual decision-maker satisfaction survey on a new basis in 2021. The online/telephone hybrid survey uses a simpler set of questions than before, but provides Net Promoter Score (NPS) and the so-called Satisfaction Score (overall satisfaction) indicators for all portfolio and business process areas. The new methodology enables comparability from 2021 onwards.

The results show that in the large enterprise segment Magyar Telekom HU managed to retain a high level of customer satisfaction in 2023. In fact, compared to 2022, NPS and overall satisfaction increased in each sub-segment of the ENT unit.

Contact person satisfaction survey

A contact person satisfaction survey is carried out every year at regular intervals for customers who have contacted Magyar Telekom HU through one of its telephone or e-mail fault report or customer service channels. Thus, questions are addressed to the contact persons of customers who reached out to Telekom's business telecommunications customer service or the ENT IT Service Desk with their fault reports or complaints.

In the case of Telekom's ENT IT Service Desk, the measurement is carried out with the involvement of an external partner, on a monthly basis, by contacting around 40–50 contacts by telephone; the evaluation is based on the responses received and is completed after the end of a full six months. After the end of the second half year, an annual summary of the contact person satisfaction survey is compiled and presented to the units.

Magyar Telekom Plc's business telecommunications customer service area is subject to a continuous, in-house (ICCA) satisfaction survey. This is complemented by a quarterly „Detractor” survey for the SMB segment, and from 2023 for the large enterprise segment, also with the involvement of an external partner. At the end of each quarter, a representative sample of customers who had previously contacted the Company with some issues are contacted by telephone to identify those who are dissatisfied with the service received. These dissatisfied partners are interviewed qualitatively to gain a deeper understanding of the problems.

Each quarter, after the end of the research, process areas where changes are needed are identified, based on the evaluation of the interviews, with the involvement of the business areas concerned, and a business action plan is formulated. Starting from the fourth quarter of 2023, the methodology has changed so much that Magyar

Telekom Plc. moved to monthly measurements for telecom customer services, as it had been the case for the IT Service Desk for a long time. This allows customers to recall cases closer in time, and also to provide a continuous and flexible operative response at the level of these specific customers. Nevertheless, the evaluation at management level, the activities concerning the whole process, are also in this case the result of quarterly or semi-annual forums.

In 2023, both channels (Magyar Telekom Plc's Business Telecom Customer Service and IT Service Desk) performed at a high level and had a very positive impact on Magyar Telekom's image. Both the customer service process and the professionalism, competence and customer care of the customer service agents are highly regarded. During the year, the vast majority of transactions were considered smooth and successful by customers. The duration of the procedures was typically in line with the SLAs undertaken by Magyar Telekom HU and the expectations of customers.

In addition to the above, a sales contact person satisfaction survey is conducted in Magyar Telekom HU's SMB area starting from 2021. The survey is conducted on a quarterly basis and provides sales colleagues in the SMB segment with regular and direct feedback from their customers on their work. In addition to the work of the sales colleagues, customers also rate the individual SMB sales channels (satisfaction on a scale of 1–5) and Magyar Telekom as a whole (using the NPS recommendation index). The results showed a consistently high level of satisfaction throughout 2023. The change in methodology is that from the second half of 2023, Telekom switched from quarterly to half-yearly survey in order not to overburden SMB customers with many different satisfaction measurements, as the number of contacts in this segment is already relatively low.

Management of customer feedback

The „voice of the customer” is of paramount importance to Magyar Telekom HU in order to maintain the high quality of its services in line with customer expectations. Feedback from customers continuously helps to develop services and processes, and to regularly review and improve them. When dealing with complaints, the company places great emphasis on customer satisfaction and ensuring an excellent customer experience. It is important for Magyar Telekom HU to provide its customers with a quality and reassuring solution when investigating and handling complaints, too. Along this line, Magyar Telekom HU enhances the service experience for its customers by providing solutions tailored to their specific needs as far as possible. Despite the difficult external conditions, the number of complaints did not increase in 2023, which underlines the effectiveness of the individual and personalised approach to complaint handling and customer contact.

Omnibusz – survey of consumption patterns

In 2023, the Omnibus survey continued to address questions to customers of Telekom and other providers about their consumption habits, whether related to core activities (such as TV, internet, telephone) or insurance. Two surveys were carried out in 2023, with 1,000 respondents per occasion.

SUPPLIERS

It is important for Magyar Telekom HU to maintain a reliable, lawful business relationship with its suppliers and to apply documented supplier evaluation practices that ensure that all its contractual partners comply with this legality requirement. Anti-corruption and ethical conduct in supplier relationships are of paramount importance.

In the above spirit, suppliers are required to adopt:

- MT's Anti-corruption Declaration
- MT's Supplier Code of Conduct, and the mother company's Deutsche Telekom Group's Supplier Code of Conduct, which includes the stipulations set forth by the German law on supplier chain due diligence (LkSG)
- the Code of Human Rights and Social Principles
- a Confidentiality Statement
- privacy regulation (GDPR)
- the Privacy Information

All suppliers must peruse, accept and comply with all of these requirements as a precondition of the contract.

[Magyar Telekom's Supplier Code of Conduct](#) contains the following guidelines and documents:

- [Code of Conduct](#)
- [Code of Human Rights and Social Principles](#)
- [Diversity Policy](#)
- [Magyar Telekom Group Environmental Policy](#)
- [Financial Code of Ethics](#)
- [Responsible Corporate Governance Report](#)
- [Magyar Telekom Group Quality Policy](#)

Due to its size, Magyar Telekom Group has a significant impact on other players of the economy, so its responsibility cannot be limited to the boundaries of the company. In addition, from a risk management perspective, too, it is essential that it should do business with supplier partners whose economic, social and environmental performance is appropriate. To this end, the Group also manages its supplier relationships from a sustainability perspective, too. Group-wide coordination of supplier relations is ensured by the Procurement and Logistics Hub.

Suppliers are selected through regulated, transparent and documented procurement procedures that ensure fair competition. Its procurement procedures are continuously controlled by the Internal Control System (ICS) applied across all Deutsche Telekom Group affiliates. In addition to exercising control, the system also encourages process improvement and acceleration.

Magyar Telekom Group strives to develop mutually beneficial, value-creating partnerships in its contracts. At the same time, procurement processes are continuously streamlined to ensure cost-efficient operations by exploiting synergies in parent company and Group-level procurement. One channel to manage supplier relations is the Procurement and Logistics Hub website. Once registered, suppliers can find the supplier qualification system, the OneSource system for managing bids, information on e-invoicing, a privacy notice and other useful information on procurement procedures and sustainability requirements.

Suppliers' references, economic situation, quality and sustainability capabilities are assessed by a pre-qualification system hosted on the [Procurement and Logistics Hub website](#). This supplier

pre-qualification system also provides all registered suppliers with a sustainability questionnaire that they can complete and have evaluated. The results help to identify risks and opportunities for improvement in cooperation with the supplier. The rating results are an important factor in the supplier selection process.

The company sources products and services from pre-qualified suppliers. Registered suppliers can access their supplier pre-qualification results online after completing the questionnaire. A total of 77.81% i.e. 879 of Magyar Telekom Plc's suppliers, and 66.38% i.e. 466 of Telekom System Integration Ltd. Co.'s suppliers held pre-qualified status in 2023.

Magyar Telekom Plc. continued its sustainability web audit in 2023, which consists of environmental, social and business ethics questions. The assessment pays particular attention to whether suppliers expect their own partners to comply with certain sustainability guidelines. The responses received are weighted according to the supplier's industry to provide a final score. In 2023, 69 companies participated directly in the survey, representing 9.75% of the total procurement value. The Sustainability Web Audit assessment is valid for three years, consequently in 2023, 101 suppliers had valid audits, corresponding to 23.03% of the total procurement value.

In 2023, Magyar Telekom HU did not find any non-compliance regarding any of the suppliers assessed, so no incident management process was initiated. In course of its everyday operations, the company adopts dedicated, proactive and transparent measures to make sustainability part of its identity and to enable its partners to consciously participate in sustainable development.

In 2023, VT-Rendszertechnika, Tata Elxsi and NEO Property won the title of „Magyar Telekom's TOP3 sustainable supplier”.

Telekom uses the internationally recognized and applied EcoVadis rating system, also supported by Deutsche Telekom, to assess the sustainability of its active suppliers. Strategically important and high-risk suppliers are invited to submit a statement on their operational practices based on the detailed EcoVadis criteria. In this framework, 6 suppliers have a valid assessment directly and 33 indirectly, based on social, environmental, economic and sustainable procurement criteria. These suppliers accounted for 42.74% of the total annual order value. EcoVadis assessments are valid for two years.

Deutsche Telekom also supports the sustainability of supplier relationships significantly through industry-wide initiatives (JAC - Joint Audit Cooperation), which has led to audits of selected suppliers worldwide. A common set of audit criteria facilitates and ensures compliance with minimum social and environmental standards also for suppliers contracted by multiple different member companies.

One of the top priorities of Magyar Telekom HU's sustainability strategy for the period 2021–2030 is to make the company's commitment to sustainability part of its suppliers' business and to reduce its suppliers' CO2 emissions.

An online learning material on sustainable supply chain management processes is available for all Magyar Telekom HU employees.

As part of the sustainable supply chain management process, a working group has been set up to support efficient operations, with members who are responsible for and act on supplier incidents, negative environmental, labour, human rights or social impacts. The permanent members of the working group are staff from the procurement and legal areas, complemented by staff from the unit involved in the incident and experts on the subject matter of the incident. To support the work, an incident management process has been developed which sets out the actions to be taken in such cases. The incident management process examines the triggering event, the strategic importance of the supplier, the severity of the incident, analyses the supplier's response and provides guidance on possible solutions. No such process has been carried out in 2023, and no negative environmental, labour, human rights or social non-compliance issues have been identified.

Procurement procedures, which make up a significant part of supplier relations, are supported by integrated IT systems. The majority of procurement requests are initiated electronically. The supplier selection process is supported by an internet-based bidding and auctioning tool (OneSource), and orders are also sent/confirmed to suppliers electronically (via CPEX platform or e-mail).

These electronic solutions significantly reduce the lead time of the procurement process, and the placement of orders by e-mail has minimised the amount of paper documents.

To improve the procurement business processes, a supplier due diligence robot has been collecting data for supplier due diligence since 2020.

Magyar Telekom HU ensures compliance with legal and corporate requirements through sustainability and environmental clauses in its supplier contracts. Suppliers are expected to use environmentally friendly materials and technologies and energy-saving solutions. In the case of office supplies, the supplier already indicates green products in its product catalogue. For products, there is a black and grey list of raw materials. Products containing materials on the black list are not allowed and products containing materials on the grey list are not preferred.

In order to prevent damage and minimise delivery time, when a hazardous substance or formula is purchased, it is sent directly from the supplier to the internal requester, except for the minimum stocking and storage required. To increase cost efficiency and reduce transport distances, Magyar Telekom HU has increased the proportion of inventories managed by suppliers.

The possibility of doing so is examined together with the partner when concluding or reviewing supply contracts*.

Despite the globalisation of procurement, Magyar Telekom HU continues to source a significant proportion of its products and services from local suppliers. In 2023, 71.60% of the total value of orders for Magyar Telekom Plc. and 87.71% for Telekom System Integration Ltd. Co. came from this category. Ordering goods and services from local suppliers contributes significantly to job retention.

VALUE RATIO OF LOCAL PRODUCTS AND SERVICES**, MAGYAR TELEKOM GROUP

AFFILIATES	2018	2019	2020	2021	2022	2023
Magyar Telekom Plc.	85,56%	81,09%	78,14%	80,53%	63,91%	71,60%
Telekom System Integration	82,87%	80,92%	86,62%	89,48%	83,67%	87,71%
Makedonski Telekom	61%	75%	73%	52,11%***	51,69%	50,38%

* Suppliers with headquarters in a given country.

**To determine the value of suppliers' purchases in a given year, and thus the local purchase rate, the value of orders placed in that year was used.

*** Corrected data. It was listed incorrectly in the 2021 Sustainability Report.

EMPLOYEES

Involvement of employees

Corporate volunteer programs are no longer merely an option but an expectation of the society and the employees alike. For Magyar Telekom HU, it is also very important to set a good example both as a company and through the actions of its employees. In order to encourage volunteering, the company organised a Volunteer Fair in April 2023, which gave 10 NGOs the opportunity to present their activities and goals to employees and to recruit volunteers. Employees can find out about volunteering opportunities on a dedicated page on an internal information portal. Volunteering hours are recorded in the electronic attendance sheet, which shows that in 2023, the company's employees spent 3146 hours with volunteer work.

Magenta Unity Foundation

The Magenta Unity Foundation was established in July 2020 on the initiative of Tibor Rékasi, CEO, and the members of the Leadership Squad, the top management of Magyar Telekom Plc., through their personal responsibility and from their personal financial donations. The original aim of the Foundation was to provide support to employees who have been affected by the coronavirus epidemic. In 2022, the aim was extended to include support for employees in financial difficulty due to serious illnesses requiring long-term rehabilitation. This initiative, unique on the Hungarian market, relies on personal donations, complemented by the annual donation of Magyar Telekom Plc. Since the beginning of its operation, the Foundation has granted support to employees in need in



399 cases, totalling HUF 67 247 000 until the end of 2023. From the beginning, the Foundation has also taken into account the criteria of social need, especially in cases where the applicant's expenses have increased significantly due to the epidemic or a serious illness requiring long rehabilitation, whether physical or mental. On the basis of the applications received, the Foundation's Board of Trustees is of the opinion that there is still a great need for assistance to provide social support and protection to employees and their families.

FUTURE GENERATION

Magyar Telekom HU supports the future generation in developing their digital skills through digi-

tal competence development programs. Detailed information can be found in the digitisation section of the report.

In 2022, Deutsche Telekom set the objective to support the volunteering activities of Generation Z. A total of 82% of Generation Z youth worldwide say they are involved in some form of volunteering initiative to address social and environmental problems. Apart from making an impact on the community, their main motivation is to improve their existing knowledge and gain new skills and experience. Telekom recognises the importance for the next generation to take action on environmental and social issues and wants to help the younger generation of volunteers to do this.

The [#WhatWeValue platform](#) is open to all volunteers aged between 18 and 30 in European countries where Telekom is present, including Hungary. Projects and initiatives that meet the necessary criteria are published on the platform after verification. The brand is looking for volunteer projects in categories such as gender, race and social equality, support for people with disabilities, environment, urban regeneration, mental health, migration or education, for example

REGULATORS

Magyar Telekom HU conducts - typically upon request in case of, for example, public discussions on draft laws - professional consultations with the authorities and supervisory bodies, as well as with other state administration entities exercising jurisdiction, including the Prime Minister's Office (MK) and the Ministry of National Economy (NGM), the Ministry of Culture and Innovation (KIM), the Ministry of Justice (IM), the National Media and

Infocommunications Authority (NMHH), the Competition Office (GVH) and the National Authority for Data Protection and Freedom of Information (NAIH), as well as the Consumer Protection Authority. Magyar Telekom HU continuously participates in the work of interest reconciliation forums (in particular: the Telecommunications Interest Reconciliation Council (HÉT), the Association of IT, Telecommunications and Electronic Enterprises (IVSZ - Alliance for the Digital Economy)), the main objective of which is to develop common industry and professional positions on the relevant regulation.

MEDIA

Magyar Telekom HU pays special attention to make digital opportunities accessible to the widest possible audience of all age groups, in cooperation with media representatives.

It informs the public in a timely and effective manner about the Company's and the Group's business activities, objectives, results, market position, key events, new services, products, developments and technological innovations, the Group's sustainability commitment, sponsorship activities and significant organisational and personnel changes affecting the Group.

In the Magenta Podcasts, the company shared with the audience interesting facts and knowledge, exemplary stories and really useful recommendations relevant to the digital world, making it easier to understand and navigate our everyday lives. The podcast channel is aimed at both those who are new to technology and those who are already familiar with it: the result is an entertaining and meaningful dialogue about everyday life and the digital world around us all.

NGOs

Magyar Telekom HU implements its cooperation with NGOs in line with the foci of its sustainability and brand strategy. Some of these collaborations span over several years, such as the support provided to SUHANJ! Foundation in the context of the traditional Telekom Vivicitta, to Edisonplatform created by the Bridge Budapest Association, which brings together and encourages cooperation among entities helping children's skills development in a value-based manner, or participating in the HBLF Roma Master Program, which aims to educate talented Roma youth. In addition, there are NGO partnerships that support initiatives to be implemented in a given year, but also aim to provide solutions to social and environmental issues that the company considers to be a top priority. This includes the representation of women in IT professions through support for the Women in IT Security Association, or the Hungarian Ethology Foundation's program, which provides science-based solutions to parents regarding their young children's use of different devices. Magyar Telekom HU continued its strategic cooperation with the International Children's Safety Service, in the framework of which, in addition to operating their IT systems, Magyar Telekom HU also participated in the organisation of Safer Internet Day and provided the venue for the conference in 2023.

DATA PRIVACY

Magyar Telekom HU pays particular attention to the protection of the personal data of its customers, employees and business partners in its operations, in the development of its products and in the provision of its services. Magyar Telekom HU processes personal data in compliance with the General Data Protection Regulation (GDPR) and the applicable legal provisions, observing

the guidelines of the European Data Protection Board (EDPB) and the National Authority for Data Protection and Freedom of Information (NAIH), too. The company has joined the Deutsche Telekom Group member companies that have adopted Deutsche Telekom Group's Binding Corporate Rules Privacy (BCPR) as a binding privacy policy. The provisions of the BCPR were reviewed and amended by Deutsche Telekom Group in 2023 to reflect changes in legislation and regulatory practice since its entry into force. Regulatory approval of the revised BCPR is expected in 2024.

Magyar Telekom HU continuously trains its employees and subcontractors to ensure the proper processing and security of personal data in order to keep up-to-date with relevant laws, guidelines and internal policies. In 2023, the training „Our Commitment to Data and Information Privacy”, developed jointly with Deutsche Telekom Group, became mandatory for Magyar Telekom HU employees.

In case Magyar Telekom HU uses data processors, it also requires its partners, stipulated by the data processing contract, to treat customers' personal data confidentially and to ensure a high level of protection of personal data in accordance with the company's requirements. As of 2021, processes and agreements for data transfers outside the EU have been aligned with the applicable data protection decisions and recommendations.

Magyar Telekom HU continuously monitors changes in the legal environment in order to prepare for the implementation of new and forthcoming legislation affecting data protection (e.g. Data Act, Data Governance Act, Artificial Intelligence Act). In 2023, the development of a framework to ensure data protection compliance in the development and use of artificial intelligence-based systems and solutions was initiated.

Magyar Telekom HU provides its customers with information about the processing of their personal data through several channels, and enables them to access their personal data and exercise all their data subject rights under the GDPR. The company receives and prioritises notifications regarding data processing and responds to them in a timely, factual and substantive manner. The process regarding right of access was reviewed in 2023 in line with the latest relevant EDPB guidance.

RENDERING ELECTRONIC DATA INACCESSIBLE

The measure of making electronic data inaccessible was introduced by Act C of 2012 on the Criminal Code (new Criminal Code), while the most important rules of the measure are governed by Act XC of 2017 on Criminal Procedure (CP). The CP distinguishes between two forms of the measure: temporary removal of electronic data and temporary blocking of access to electronic data, which communication service providers are obliged to carry out under certain circumstances and conditions.

The temporary inaccessibility of electronic data may be imposed, if the proceedings are conducted in the context of a public offence in relation to which the permanent inaccessibility of electronic data is warranted and is necessary to interrupt the offence in progress. The original purpose of this measure was obviously to avoid waiting for a final judgment to block content in certain serious cases (e.g. child pornography, offences against the state or terrorism).

Currently, the court will order the temporary blocking of access to electronic data relating to the following offences, if the legal conditions are met:

- drug trafficking,
- inciting pathological addiction,
- facilitating the manufacture of drugs,
- misuse of drug precursors,
- abuse of a new psychoactive substance,
- child pornography,
- offences against the state,
- acts of terrorism,
- financing acts of terrorism
- incitement to war.

The National Media and Infocommunications Authority (NMHH) and the ISPs are responsible for the technical management of the temporary inaccessibility.

In 2014, a similar rule applicable to a similar procedure of the Gambling Supervision (currently called the Regulated Activities Supervision Authority) came into force in [Act XXXIV of 1991](#) on the Organisation of Gambling, which allows the authority to order the temporary inaccessibility of data published via electronic communications networks, even without judicial intervention, where the disclosure or publication of such data constitutes the organisation of illegal gambling.

As of January 01, 2015, under Act XCV of 2005 on medicinal products for human use and amending other acts regulating the pharmaceutical market, the State Pharmaceutical Administration (currently the National Centre for Public Health and Pharmacy) has also been empowered to order the temporary inaccessibility of electronic data in the case of falsified or unauthorised medicinal products, or to request the website hosting provider to remove the offending page.

The similarity between the measures ordered by the court and the National Tax and Customs Administration of Hungary (NAV) is so strong that the National Media and Infocommunications Authority is responsible for enforcement in both cases.

Pursuant to Section 159/B (3) of [Act C of 2003](#) on Electronic Communications (Act on Electronic Communications), the National Media and ICT Authority has been operating the central database of electronic inaccessibility decisions since January 01, 2014 and processes the data entered there for the purpose of its operation. This database therefore contains the decisions issued by the courts or the NAV which contain the addresses of the websites to be blocked. All electronic communications operators are obliged to join central database of electronic inaccessibility decisions and thus to make blocked websites inaccessible to all their subscribers. These sites are therefore also blocked by Magyar Telekom HU in accordance with the law

Magyar Telekom HU, as a leading telecommunications company listed on the stock exchange, complies with all elements of Hungarian legislation, and is actively involved in the self-regulatory initiatives of the industry and the work of sectoral NGOs.

SPONSORSHIP

Magyar Telekom HU's sponsorship activities aim to create experience and value for customers and partners. As one of the country's largest sponsors, the Group has invested a significant amount of money in supporting Hungarian sport and culture in recent decades.

The company has been a committed supporter of sport in Hungary for decades and sees sport as a key part of its sponsorship strategy. The sports sponsorship strategy is well aligned with Tele-

kom's overall sponsorship strategy and the parent company's international sponsorship scheme: as the country's leading telecoms operator, the company supports the most popular and successful players in the Hungarian sports scene.

As an important element of its sports sponsorship strategy, Telekom signed a four-year agreement with Ferencvárosi Torna Club in 2018, which was extended for another four years in 2022.

Telekom had been supporting the youth football education of Ferencváros Torna Club (FTC) since 2014, and from 2015 onwards it has been supporting the adult men's football team as the main sponsor of FTC, and under the new agreement as the main sponsor of FTC. The company is the title sponsor of the multiple Hungarian Cup, Champions League and LEN Cup winners FTC-Telekom Waterpolo, the Erste Liga and Hungarian Cup winners FTC-Telekom Ice Hockey, the cup winners FTC-Telekom Women's Football and the FTC-Telekom Men's Gymnastics divisions, which also have a great record of results.

The company has been supporting the Telekom Veszprém handball team for more than 20 years, since 2016 as a title sponsor, contributing to the domestic and international success of a world elite team. Magyar Telekom HU firmly believes that such world-class performances and results contribute significantly to more young people choosing active sports and promote a healthy lifestyle.

Through its sponsorships, Magyar Telekom HU was able to provide fans with interesting content that gives them an insight into the lives of athletes, people around sports and clubs in 2023, too.

At the beginning of 2023, Ferencvárosi Torna Club and the Telekom Veszprém handball team became committed supporters of the Telekom MobilDonor program. In 2023, we also supported

different disadvantaged groups with the proceeds from the auction of special, individually signed jerseys worn by the players in the featured matches.

Magyar Telekom HU also considers it important to support mass sports, so for more than 20 years it has been the eponymous sponsor of the Telekom Vivicitta, which is attended by professional athletes, amateur runners and families, thus promoting the importance of sport and exercise in everyday life. In 2023, the race was held again, as usually, in the early spring. More than 20,000 individual participants took part in the 2-day event, which attracted runners from 830 Hungarian towns and 80 countries. Through the event, Telekom supported SUHANJ! Foundation's integrated gym, SUHANJ! Fitness, an integrated fitness centre, and thus the sporting activities of people with disabilities.

In the context of cultural activities, Magyar Telekom HU was the title sponsor of the Telekom Podcast Fest, and in the summer of 2023 launched a special series of events called the Festival of Telekom People, with a total of 9 events between June 01, and August 20 at several locations across the country. Customers could request their free tickets for these unique events via the Telekom app, which allowed them to bring two additional guests with them. And at the end of the summer 2023, the STRAND Festival opened its doors for the eleventh time in Zámárdi, closing the Balaton summer season with a more comprehensive offer than ever before, where Telekom sponsored the venue and was present on location. At the end of August, Telekom Electronic Beats was the title sponsor of the large outdoor stage at the first INOTA Festival. The event was a collaboration between the Hungarian underground music and visual scene.



MAGYAR TELEKOM GROUP MEMBERSHIP IN INDUSTRIAL, HUNGARIAN AND INTERNATIONAL ORGANIZATIONS

ORGANIZATION/ASSOCIATION	MAJOR INVOLVEMENT / CONTROLLING / DECISION MAKING MEMBERSHIP OF MAGYAR TELEKOM GROUP
Magyar Telekom Plc.	
5G Coalition	
European Telecommunications Network Operators Associations (ETNO)	
GSMA Association	
Joint Venture Association (JVSZ)	
German-Hungarian Chamber of Industry and Commerce	
Telecommunications Reconciliation Council	
IVSZ – Association of Digital Businesses	
Association of Telecommunications and Information Technology Enterprises	
Hungarian Competition Law Association	
AI Coalition	
Employers' Equal Opportunities Forum	
Association of Content Providers in Hungary	
Hungarian Advertising Association	presidential body membership
American Chamber of Commerce	
Association of Electronic Payment Service Providers	presidential body membership
Industry 4.0 National Technology Platform Association (I4.0 NTP)	presidential body membership
Telekom System Integration Ltd. Co.	
5G Coalition	
Drone Coalition	
Federation of Information Technology Enterprises	
Hungarian Water Utility Association	
Hungarian Project Management Association	
AI Coalition	
Association of Telecommunications and Information Science	
Hungarian Chamber of Engineers	
IT Service Management Forum (ITSMF)	
Chamber of Personal and Property Security and Private Investigators	
Hungarian Innovation Association	board membership
Makedonski Telekom	
International Telecommunication Union (ITU)	
European Telecommunications Network Operators Associations (ETNO)	
RIPE Network Coordination Centre	
GS1 Macedonia (barcode association)	
Macedonian Chamber of Economy	board membership
American Chamber of Commerce Macedonia (AmCham - USA)	board membership
Macedonian-German Business Association	
Macedonian Chamber of Information Technology (MASIT)	board membership
Macedonian Chamber of Architecture and Engineering	
GSMA Association	

COOPERATION IN ENVIRONMENT PROTECTION AND SOCIAL ISSUES

In addition to professional challenges, Magyar Telekom HU is also looking for cooperation opportunities to solve social and environmental problems.

The company has been an active member of the Sustainability Working Group of [ETNO](#) (European Telecommunications Network Operators) for many years. Members help each other to solve a wide range of sustainability-related problems.

In 2023, Magyar Telekom HU was one of the first companies to join the ESG working group of IVSZ - Digital Business Association, whose main objective is to represent the interests of businesses in the social consultation of legislation affecting ESG activities and to channel proposals to legislators.

Magyar Telekom HU is in continuous consultation with the national representative organisations of people with disabilities (AOSZ, ÉOFÉSZ, MEOSZ, MGVYOSZ) to review the accessible customer service facilities and services provided to its affected customers and their helpers and to adapt to their changing needs.

The company's employees are in contact with a number of academic institutions: they support university work by acting as thesis advisors, educating professionals and giving lectures.

Magyar Telekom HU is the first company in Hungary to have adopted the [OECD Guidelines for Large Enterprises and to consider them binding](#).

The company signed the European Union [Diversity Charter](#) in the framework of the Hungarian Business Leaders Forum (HBLF) and considers it a binding policy.

Magyar Telekom HU is a signatory to the United Nations [Global Compact](#) on the 10 principles and is committed to reporting annually on its progress.

Magyar Telekom HU recognizes and accepts the [United Nations Sustainable Development Goals \(SDGs\)](#), and has included the ones of key importance to the company in the 2016–2020 Sustainability Strategy as mandatory tasks to be implemented.

The company publishes data and information on its climate protection activities annually through the [CDP](#) (Carbon Disclosure Project) platform.

Magyar Telekom HU is the first company in Hungary to join the [Science Based Target Initiative](#) (SBTI) and has emission reduction targets approved by the organisation.

The company has also joined the UNFCCC [Climate Neutral Now](#) initiative.

In 2020, Magyar Telekom Plc. joined the [Equalizer Foundation](#) and is represented on its Board of Trustees. The foundation aims to initiate and support changes that will result in more women leaders in Hungarian economic, cultural, scientific and political life.